



SCOTT M. MATHESON
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GORDON E. HARMSTON
Executive Director,
NATURAL RESOURCES

CLEON B. FEIGHT
Director

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116
(801) 533-5771

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December 26, 1979

#538588

REGISTERED - RETURN RECEIPT REQUESTED

Mr. Lloyd Mecham, President
Utah West Mining & Development
867 North 8 East
Price, Utah 84501

RE: Delta Mine Surety
ACT/015/020

Dear Mr. Mecham:

The Division is attempting to finalize the approval of the Delta Mine. You will recall that tentative approval was issued by the Division on July 14, 1978. Since that time the Division has been attempting to collect surety for the property.

Mr. Duane Frandsen provided a personal check for the amount of \$7,440.83 on June 5, 1978 for the reclamation surety. Mr. Frandsen's check was returned on October 3, 1978 when a check for the same amount was received from you; First Security Bank of Utah, Account 00543 10, Check Number 253, dated August 30, 1978. This check was not cashed as it was indicated that an escrow account was preferable.

I wrote you a letter February 13, 1979 requesting clarification as to what form of surety you preferred. Also, forms required by the Division for both types of surety were enclosed. A reply from you has not been received by this office. Because neither of the surety agreement forms are completed the Division is still unsure as to what type of surety you prefer.

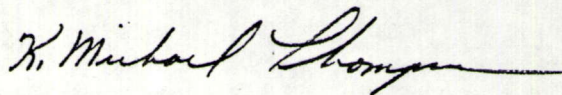
Mr. Lloyd Mecham
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In addition, consultation with the Price office of the First Security Bank indicates that the previously mentioned check will not clear because of insufficient funds. Also, no record of an escrow account exists.

Section 40-8-14 of the Utah Mined Land Reclamation Act, Title 40-8, U.C.A. 1953 requires reclamation surety, as determined by the Board, be in place prior to the commencement of mining operations. Therefore, the Division directs you to finalize the reclamation surety within thirty days from receipt of this letter. If not done so a hearing will be held before the Board of Oil, Gas and Mining for the withdrawal of tentative approval. At this time, I would like to point out that carrying out mining operations, as defined in Section 40-8-4, without final approval is illegal.

If you have any questions please contact Ron Daniels or myself.

Sincerely,



K. MICHAEL THOMPSON
ENGINEERING GEOLOGIST

KMT/te

cc: Mr. Duane Frandsen